

CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

Fund Information as at 31 August 2019

WHAT IS THE FUND'S OBJECTIVE?

Global Opportunities Equity seeks to give investors access to some of the best fund managers across the globe. Our intent is to outperform its benchmark over any five year period.

WHAT DOES THE FUND INVEST IN?

Global Opportunities Equity is a multi-manager fund which invests in a limited number of strategies (funds and segregated mandates) managed by top-quality managers that mainly have exposure to shares in developed markets. It is also mandated to include some exposure to emerging markets.

Typically, six to ten strategies are included. Each strategy is selected based on its long-term track record of outperforming the market, its investment philosophy and the quality of its fund managers.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/ minimum income exposures



Global Opportunities Equity invests in equity funds that mostly cover developed markets, including the US, Europe and Japan.

The fund is well-diversified; it has exposure to a range of different countries, industries and fund manager styles. The fund managers included in the fund are well-established and have been rigorously researched and vetted.

While we have a disciplined approach to carefully balance the risks across the different funds, shares can be volatile investments and there is a meaningful risk of capital loss over the short term. Global currency movements may intensify investment gains or declines.

This feeder fund aims to remain fully invested in units in the offshore domiciled Global Opportunities Equity Fund. The only other assets that will be held at feeder fund level are local and foreign cash holdings for liquidity purposes.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The fund is managed to deliver the best possible returns over the long term; an investment horizon of 10 years or more is therefore ideal. It is not suitable as a single investment for investors who need to preserve their capital over five years or less.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- ▶ want exposure to some of the world's top equity funds as part of a diversified investment portfolio;
- ▶ accept that the fund may underperform the market significantly in the short term in pursuit of superior long-term gains;
- ▶ are overexposed to South Africa and require an international investment;
- ▶ do not require an income from their investment.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.85% is payable.

Of the annual fee, 0.40% is collected at feeder fund level, while the balance of the fee is collected in the master fund.

The component of the fund fee charged at feeder fund level is subject to VAT. Fund expenses that are incurred in the fund include annual fees paid to unconnected underlying fund managers, administrative, trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

We do not charge any fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO IS THE FUND MANAGER?



TONY
GIBSON
BCom



KARL
LEINBERGER
BBusSc, CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	1 August 1997
Fund Class	A
Benchmark	MSCI All Country World Index
Fund Category	Global – Equity – General
Regulation 28	Does not comply
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORINFF
ISIN Code	ZAE000019774
JSE Code	CNIG

CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND

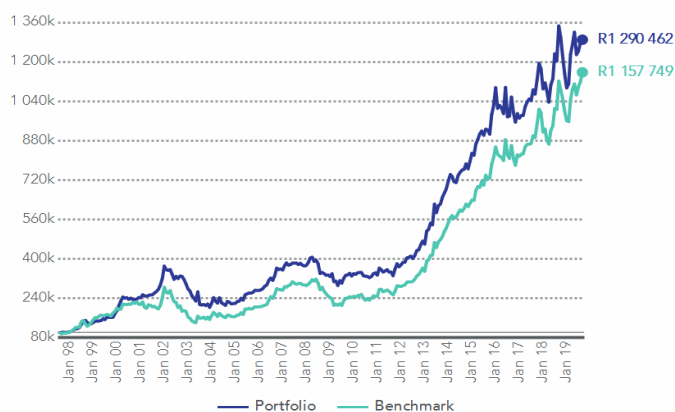
CLASS A as at 31 August 2019

Fund category	Global - Equity - General
Launch date	01 August 1997
Fund size	R 7.32 billion
NAV	11962.05 cents
Benchmark/Performance	MSCI All Country World Index
Fee Hurdle	
Portfolio manager/s	Tony Gibson and Karl Leinberger

Total Expense Ratio	1 Year	3 Year
	2.24%	2.17%
Fund management fee	1.03%	1.13%
Fund expenses	1.14%	0.98%
VAT	0.06%	0.07%
Transaction costs (inc. VAT)	0.12%	0.13%
Total Investment Charge	2.36%	2.30%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) - (ZAR)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1190.5%	1057.7%	132.7%
Since Launch (annualised)	12.3%	11.7%	0.6%
Latest 20 years (annualised)	10.9%	10.0%	0.9%
Latest 15 years (annualised)	12.3%	13.6%	(1.3)%
Latest 10 years (annualised)	14.5%	17.1%	(2.6)%
Latest 5 years (annualised)	11.1%	13.9%	(2.8)%
Latest 3 years (annualised)	6.9%	10.4%	(3.5)%
Latest 1 year	(4.2)%	3.1%	(7.3)%
Year to date	17.9%	20.4%	(2.5)%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES) - (USD)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	289.8%	251.1%	38.6%
Since Launch (annualised)	6.4%	5.9%	0.5%
Latest 15 years (annualised)	6.3%	7.5%	(1.2)%
Latest 10 years (annualised)	7.1%	9.5%	(2.4)%
Latest 5 years (annualised)	3.4%	6.1%	(2.7)%
Latest 3 years (annualised)	5.8%	9.2%	(3.4)%
Latest 1 year (annualised)	(7.5)%	(0.3)%	(7.2)%
Year to date	11.8%	13.8%	(2.0)%
2018	(14.1)%	(9.4)%	(4.7)%
2017	25.5%	24.0%	1.5%

MONTHLY PERFORMANCE (AFTER FEES) - (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2019	1.6%	10.6%	3.3%	4.0%	(6.9)%	1.1%	2.8%	1.0%					17.9%
Fund 2018	2.3%	(3.0)%	(4.2)%	6.7%	2.2%	9.0%	(2.4)%	11.9%	(3.5)%	(6.0)%	(5.7)%	(5.0)%	0.4%
Fund 2017	1.1%	0.0%	3.6%	1.9%	1.2%	(0.6)%	4.2%	(1.6)%	5.4%	6.0%	(1.9)%	(6.9)%	12.3%

PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

31 Aug 2019

Equities	89.6%
Global (7 Funds)	89.6%
Equity futures	10.2%
Cash	0.2%

TOP 5 HOLDINGS

As at 30 Jun 2019

Egerton Capital Equity Fund
Contrarius Global Absolute Fund
Maverick Capital
Lansdowne Capital
Tremblant Capital

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	16.2%	16.8%
Sharpe Ratio	0.29	0.24
Maximum Gain	51.7%	53.2%
Maximum Drawdown	(45.3)%	(50.7)%
Positive Months	61.5%	58.1%

	Fund	Date Range
Highest annual return	66.2%	Apr 1999 - Mar 2000
Lowest annual return	(36.1)%	Oct 2002 - Sep 2003

Please note that the commentary is for the US dollar retail class of the fund. The feeder fund is 100% invested in the underlying US dollar fund. However, given small valuation, trading and translation differences for the two funds, investors should expect differences in returns in the short term. Over the long term, we aim to achieve the same outcome in US dollar terms for both funds.

The fund rose 0.2% against the benchmark advance of 3.6%, bringing the rolling 12-month performance to -1.9% against the 5.7% returned by the MSCI AC World Index.

Global equity markets continued their upward trajectory in April, but fell sharply in May on the back of global growth concerns amid the ongoing US-China trade standoff and another round of tariff increases by both countries. However, this was offset in June when the US Federal Reserve (Fed) indicated that it was softening on interest rates and a cut was more likely later this year. This change in view was precipitated by weakening economic data, but also vocal public criticism from President Trump, who is strongly supportive of lower interest rates. This gave rise to a strong market rebound in June and meant that markets returned 3.6% for the quarter. The European Central Bank also hinted at future monetary policy easing should the inflation outlook not begin to improve. The Brexit lull, while the governing Conservative Party elects a new leader, supported UK stocks despite the increasing risk of a no-deal Brexit come 31 October.

The Pacific ex-Japan was the best-performing region in Q2, advancing 5.2% (in US dollar terms). The weakest return was from Japan, which rose only 1.1% (in US dollar terms). Europe rose 4.9% and North America advanced 4.3% (both in US dollar terms). Emerging markets had a poor quarter, declining 0.3% and lagging developed markets, which advanced 4.2% (both in US dollar terms). On a look-through basis, the fund is in line for North America, overweight to Europe, underweight Japan and has a marginal overweight to emerging markets.

Among the global sectors, information technology (+5.6%), financials (+5.0%) and consumer discretionary (+4.8%) were the biggest climbers over the quarter. The worst-performing sectors were energy (-2.4%), real estate (-0.3%) and healthcare (1.1%).

The fund's underperformance over the quarter was largely down to two underlying funds, Contrarius and Lansdowne, which both recorded strongly negative returns for the quarter.

Contrarius has a good, but volatile, track record and this last quarter was a particularly difficult one, with the fund declining 11.7%. The fund has large exposures to both oil services and "traditional" consumer retail brands, both of which sold off heavily during the period and contributed to negative alpha of 15.3%. The thesis for the oil drillers is that the oil majors have to replace declining reserves and these can only be found offshore, meaning that both demand and pricing for offshore drilling rigs will increase. This has been slow to happen and a declining oil price doesn't help, but there are signs that the thesis will eventually work out. On the retailers, Abercrombie & Fitch gave a disappointing outlook, which shocked investors, causing it to fall 41%, while Bed, Bath & Beyond fell 31% during a boardroom battle with an activist investor.

Lansdowne declined 2.3% over the quarter. Performance on a rolling 12-month basis has been weak due to a poor showing from its European airlines. The airline thesis is that there will be consolidation and, consequently, pricing power will re-emerge. However, while this has largely played out in the US airline industry, it is taking much longer in Europe. Lufthansa fell 20% after reducing its revenue forecast and margins. Another negative position was residential real estate company Vonovia, which declined after the German government announced plans to freeze rentals in Berlin for five years.

There were some positive results for the quarter, but these could not offset the strongly negative returns from Contrarius.

Egerton returned 5.5%, benefiting from Blackstone (+28%), which is converting from a partnership structure to a company and thus creating more demand for its shares, and from Charter Communications (+14%) after its good earnings.

The Coronation Global Emerging Markets Fund continues its strong recovery with 4.9%, ahead of the MSCI EM Index and the MSCI World index. The fund benefited from a recovery in X5 (+44%) after it improved gross margin and cut shrinkage; Adidas (+29%), with good e-commerce growth; and Wuliangye Yibin (+23%), which increased net profit by 38%.

Coronation Global Equity Select Fund also enjoyed a positive quarter. It benefited from Facebook (+16%), which reported good Q1 earnings and indicated that it was close to the end of a US data privacy investigation which overshadowed the company of late. The fund also held Charter Communications and Blackstone. On a negative note, the fund's holdings in Intu and British American Tobacco continued to detract from performance.

A G20 bilateral between Presidents Trump and Xi at the end of June led to a temporary truce in the US-China trade dispute and, while no further tariffs were introduced, there was no unwinding of the current ones pending further rounds of negotiations by the respective teams. This was well received by the markets and they have continued with positive performance into July. However, markets are seemingly ignoring the inverted US-yield curve, which is a strong signal for a future recession. The effects of the trade dispute are also beginning to ripple through the global economy and this will exacerbate any weaknesses. Central Banks are cognisant of this and are increasingly tending to remain accommodative or considering cutting interest rates, in the case of the Fed. Other concerns are the potential for a no-deal Brexit (as both candidates for UK Prime Minister are committing to a 31 October exit while making assurances on issues which the EU strongly refutes) and tensions with Iran are threatening to hamper oil supplies from the Middle East. In summary, conditions are conducive to positive markets, but there are risks that could cause sharp pull backs.

Portfolio managers
Tony Gibson and Karl Leinberger
as at 30 June 2019

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION GLOBAL OPPORTUNITIES [ZAR] FEEDER FUND

The Global Opportunities Equity [ZAR] Feeder Fund should be considered a long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. The fund is mandated to invest up to 100% of its portfolio into foreign securities and may as a result be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. The top 10 holdings are reflected on a look-through basis. A feeder fund invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Investment Management International (Pty) Ltd (FSP45646), an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of September 2018 (updated annually). The 3 year TER is for a rolling 36-month period to the last quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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